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17 March 1951

MEMORANDUM FOR ASSISTANT DIRECTOR, RESEARCH AND REPORTS

SUBJECT Note on the Workings of the Proposed Economic Intelligence Committee.

1. Character of the Committee's Problems. The character of the problems likely to be placed before the proposed Economic Intelligence Committee cannot, of course, be fully predicted in advance. It seems possible, however, that they may fall, from the point of view of procedure, into three groups:

a Intelligence problems of a purely economic character where in effect the economic intelligence committee would report directly to the Intelligence Advisory Committee; e.g. a study of production rates in the USSR for military end-products.

b Intelligence problems of a wider character to which the Economic Intelligence Committee must contribute, but where its analysis and conclusions must be merged with military and political analyses; e.g. a study of Soviet intentions and capabilities.

c Reviews of evidence in particular fields where the form of report would be, simply, a statement to the IAC of agreed major gaps, with accompanying recommendations as to the agency responsible for filling them; e.g., a review of evidence on the Soviet oil position.

It is evident that the procedures of the Economic Intelligence Committee must be sufficiently flexible to deal with these three types of effort, as well as with others which might develop.

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2. Procedure. In general the Economic Intelligence Committee would be convoked and set in motion on a problem through either the direct action of the IAC or its action indirectly through the O/NE. In fact, however, the Economic Intelligence Committee should itself make a good deal of its own work program, by thrashing out its own conception of the most urgent tasks requiring joint economic intelligence operations and lobbying in the approved Washington manner for instructions to itself by IAC; that is, by urging their own representatives on the IAC to urge the issuance of appropriate instructions.

3. Outlining the Project. When the Economic Intelligence Committee meets, as the result, directly or indirectly of an IAC instruction, it should first consider and agree a draft outline for the project. As a rule, O/RR should envisage the laying of an informal rough draft on the table. It is, perhaps, unnecessary to emphasize the importance of this strategic stage of the proceedings; for the definition of the problem, the sorts of issues and data judged to be relevant, are likely to be decisive to the result.

4. Allocation of Responsibilities. Once a rough outline has been agreed by the Committee the several responsibilities of the participating agencies must be defined. This allocation must include responsibility for preparing the draft, for preparing specific sections of the draft by other IAC agencies, and for invoking the help, where necessary, of non-IAC agencies. The proportion of drafting done by O/RR must, of course, be accommodated to our own capabilities and the total flow of work undertaken by the Economic Intelligence Committee. The effective strength

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of O/RR within the Committee may well depend, over a period of time, on the number and range of issues in which it effectively takes drafting responsibility.

5. Criticism of the Draft. In the usual way the draft would come back to the committee for criticism and approval, before forwarding to O/NE or IAC.

6. Presentation and Criticism of Evidence. The agency undertaking drafting responsibilities would also have placed upon it the requirement of presenting to the Committee a statement (not necessarily written or formal) of the character and quality of the evidence underlying its main conclusions, as well as an indication of its judgment concerning the principal gaps in knowledge. Perhaps the most important contribution O/RR can make in its field in Washington at the present time is effectively to lead the Economic Intelligence Committee towards a tradition of honesty and self-criticism with respect to the quality of its evidence. A full critique of the evidence would not, of course, be forwarded with the agreed intelligence paper. The paper would, however, be accompanied by an explicit and precise statement of the gaps in evidence, with agreed recommendations concerning the agency to be made responsible for filling them. In short, the attitude within the committee which we wish to generate is that the working level people should be completely frank with one another on what they know and do not know, but should pass along the conclusions concerning their ignorance in operational form*i.e.* in the form of precise recommendations for the filling of priority gaps.

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7. Final Clearance of Drafts. When an agreed paper of the Economic Intelligence Committee has been incorporated in a wider paper by O/NE, it will presumably go to the IAC and be checked by each of the agencies represented on the IAC. It will be the responsibility of the individual members of the Economic Intelligence Committee to make arrangements within its own agency to insure that the economic passages, in their final form, are checked.

8. The Filling of Gaps. When the IAC finally approves the allocation of responsibility for the filling of a gap in evidence, it would be desirable if the relevant member of the Economic Intelligence Committee took responsibility within his own agency for:

- a Pushing effectively the priority given by the IAC:
- b Where useful and possible, contacting directly and briefing in detail the intelligence collecting branch of his agency.

9. The Role of O/RR. The problem confronting O/RR is the maintenance of unobtrusive leadership, the foundations for which appear to be well established, in the period after the Economic Intelligence Committee becomes operational. The key to success here appears to lie in performing a maximum amount of the informal work of the Committee while leaving scrupulously all formal action to the Committee as a whole. It is unlikely that the members of the Committee will object to being presented with informal drafts so long as they have the opportunity to make emendations, and so long as the final paper goes forward as a joint effort. To further this general procedure it may prove helpful if the chairmanship

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of the Economic Intelligence Committee either rotates or is taken by the representative of the agency responsible for drafting the particular paper, while O/NE retains steadily the functions of a secretariat.

10. Intelligence Processing. It may be that the Committee would wish to envisage at an early stage the setting up of a special ad hoc sub-committee consisting of those responsible, in the various agencies, for filing, machine processing, libraries, etc. Their first task might be either a general survey of handling and filing methods; or, possibly, the making of a plan for uniform organization of data on, say, the Russian economy.

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